

Message Text

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PAGE 01 STATE 141797
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FM SECSTATE WASHDC
TO AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ETRD, BEXP

SUBJECT: TOKYO TRADE STUDY GROUP

REF: BUTTON LETTER OF MAY 9

1. WASHINGTON TFC TEAM HAS MET AT LENGTH TO CONSIDER QUESTIONS POSED BY MAY 9 LETTER AND TO DISCUSS WAYS OF MORE EFFECTIVELY REALIZING THE VALUABLE POTENTIAL OF THE TSG'S IN THE TFC EFFORTS. WE ARE CONCERNED BY THE APPARENT INDIRECTION AND RELATIVELY SLOW PACE OF THE FIVE SUBGROUPS TO DATE. WE AGREE, QUOTING BUTTON LETTER, THAT "THE GROUP HAS NOT REALLY ADDRESSED THE QUESTION OF HOW TO MOVE FROM CONCLUSIONS, TO RECOMMENDATIONS, TO ACTION COMPLETED". ADDRESSING THIS PROBLEM, WE SUBMIT THE FOLLOWING POINTS FOR EMBASSY CONSIDERATION.

2. THE TSG HAS SEVERAL APPARENT STRENGTHS AND WEAKNESSES:
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PAGE 02 STATE 141797

A. ON THE PRO SIDE, IT PROVIDES BROAD BASED INDUSTRY COOPERATION IN IDENTIFYING MARKET OPPORTUNITIES AND ANALYZING MARKET BARRIERS FROM A GENERIC STANDPOINT. THIS IS CLEARLY MORE SYSTEMATIC THAN COMPLAINTS BY SINGLE FIRMS ON AN AD HOC BASIS. THE TSG FORMAT ALSO ALLOWS THE US SIDE TO TEST THE ALLEGED BARRIERS

AGAINST JAPANESE RESPONSE, AND TO INVOLVE THE JAPANESE
IN SOLVING THESE PROBLEMS OVER A PERIOD OF TIME
(THE CONSENSUS APPROACH).

B. ON THE CON SIDE, IT IS DIFFICULT TO ARRIVE AT A TSG
CONSENSUS WHEN TO DO SO WOULD REQUIRE A TRULY
SUBSTANTIVE CONCESSION BY THE JAPANESE. NOR IS IT
FEASIBLE FOR GOJ REPS ON THE TSG TO AGREE TO A TSG
RECOMMENDATION THAT IN EFFECT CONTRADICTS THE PRACTICE
OR POLICY OF THEIR OWN INSTITUTION. THESE FACTORS
LESSEN THE ODDS OF GENERATING A LIST OF CLEARLY DEFINED
TRADE BARRIERS AND THE ODDS OF SUCCESSFULLY RESOLVING
MAJOR TRADE BARRIERS WITHIN THE TSG FORUM. THE FINAL
TSG REPORT ON ELECTRICAL APPLIANCES, FOR EXAMPLE,
CONTAINED LITTLE DOCUMENTATION THAT WOULD SUPPORT A TFC
CASE.

3. WE SUGGEST THAT THERE ARE TWO BROAD OPTIONS FOR
DIRECTING THE TSG PROGRAM:

A. THE FIRST IS TO KEEP THE TSG IN A CONSENSUS MODE
WITH NO DIRECT LEAD INTO THE TFC MECHANISM. RECOMMENDA-
TIONS FOR ACTION WOULD BE DEVELOPED IN THE SAME SPIRIT,
AND IMPLEMENTATION WOULD NECESSARILY BE VOLUNTARY.
THROUGH ITS REPRESENTATIVE, EMBASSY COULD ATTEMPT TO
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PAGE 03 STATE 141797

GUIDE TSG IN DIRECTION OF FULLER DOCUMENTATION OR
SPECIFICITY, SHARPLY DEFINED ACTION RECOMMENDATIONS WITH
TARGET DATES FOR COMPLETION, AND GIVE-AND-TAKE DISCUSSION
TENDING TO MAKE IMPORT BARRIERS OR WEAKNESSES IN US
COMPANY MARKETING STRATEGIES STAND OUT IN BOLD RELIEF.

B. THE SECOND OPTION IS TO HAVE BARRIERS IDENTIFIED BY
A TSG SUBGROUP BE FORWARDED, AT THE OPTION OF THE
AMERICAN TSG MEMBERS, TO WASHINGTON VIA THE EMBASSY FOR
CONSIDERATION FOR FORMAL PRESENTATION TO GOJ THROUGH THE
TFC. IN OTHER WORDS, THOSE ISSUES ON WHICH THE TSG
SUBGROUP COULD NOT ARRIVE AT A CONSENSUS ON SOLUTIONS
WOULD BE FORWARDED, SUBJECT TO WASHINGTON APPROVAL, TO
TFC FOR SOLUTION ON THAT LEVEL. THIS APPROACH, LIKEWISE,
WILL BE SUCCESSFUL ONLY TO THE EXTENT THAT THE TSG CAN
ACHIEVE CONCRETE RESULTS IN DOCUMENTING BARRIERS AND
PRACTICES (ON BOTH JAPANESE AND US SIDE) THAT INHIBIT
TRADE AND IN IDENTIFYING REMEDIAL ACTIONS. IF TSG CANNOT
EFFECTIVELY DOCUMENT CASE, EMBASSY AND WASHINGTON WOULD
WORK TOGETHER TO PREPARE FORMAL CASE.

4. IT SEEMS TO US THAT THE CHOICE BETWEEN THESE OPTIONS,

OR VARIANTS THEREOF, RESTS PRIMARILY ON THE JUDGMENT OF WHICH APPROACH WOULD GAIN GREATEST COOPERATION FROM THE

JAPANESE PARTICIPANTS IN DEVELOPING HARD INFORMATION AND DISCERNING FEASIBLE REMEDIAL ACTION. THE STRONG PROBABILITY OF A TSG-GENERATED BARRIER ENDING UP ON THE TFC DOCKET WOULD CLEARLY DECREASE THE ATTRACTION OF PARTICIPATING IN THE TSG FROM THE STANDPOINT OF THE JAPANESE MEMBERS WHO MIGHT BEAR THE BRUNT OF REQUESTS FOR ACTION. THEIR PRINCIPAL MOTIVE FOR PARTICIPATION WOULD REMAIN THE COMMITMENT TO COOPERATION (IN PRINCIPLE) ON TRADE ISSUES REPEATEDLY VOICED BY THE GOJ, ON THE OPPORTUNITY TO CHALLENGE EARLY-ON THOSE ALLEGATIONS OF TRADE BARRIERS THAT ARE BASED ON ERRORS OF FACT. LIMITED OFFICIAL USE

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PAGE 04 STATE 141797

CONVERSELY, WE BELIEVE A MORE SOLUTION-ORIENTED TSG PROGRAM WOULD BE MUCH MORE ATTRACTIVE FROM THE STANDPOINT OF THE US PARTICIPANTS, AND WOULD MAKE THAT MUCH MORE CONTRIBUTION TO THE TFC.

5. JAMES SHINN OF EA/EP WILL BE IN TOKYO FROM JUNE 6 AND WILL BE AVAILABLE TO DISCUSS OPTIONS WITH EMBASSY IN MORE DETAIL.

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